

**DIRECT TESTIMONY OF****JOHN E. FOLSOM, JR.****ON BEHALF OF****DOMINION ENERGY SOUTH CAROLINA, INC.****DOCKET NO. 2019-209-E**

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**  
2 **OCCUPATION.**

3 A. My name is John Edward (“Eddie”) Folsom, Jr. I am currently employed  
4 by Dominion Energy South Carolina, Inc. (“DESC” or the “Company”), located  
5 at 6248 Bush River Road, Columbia, South Carolina 29212. At DESC, I  
6 currently serve as Power Marketing Manager within DESC’s Power Marketing  
7 Department.

8 **Q. STATE BRIEFLY YOUR EDUCATION, BACKGROUND, AND**  
9 **EXPERIENCE.**

10 A. In 1990, I received a Bachelor of Science degree in Mechanical Engineering  
11 from the University of South Carolina. In 1989, while still a student, I began  
12 working for SCANA Corporation (“SCANA”) as an Engineering Student Assistant  
13 and have been working for SCANA and DESC ever since. I have served in  
14 various roles during my career, but since 2000, I have worked in DESC’s Power  
15 Marketing Department in multiple roles, including Power Marketing Manager and  
16 Real Time Trading Operations. In these roles, I have primarily represented DESC  
17 in the wholesale power market by (i) negotiating power supply agreements for full-

1 requirements customers and serving as the account manager for such long-term  
2 power supply agreements, (ii) negotiating numerous long-term or seasonal Power  
3 Purchase Agreements (“PPA”) to support DESC’s resource adequacy  
4 requirements, (iii) negotiating numerous renewable PPAs in conjunction with  
5 DESC’s obligations under the Public Utilities Regulatory Policy Act of 1978,  
6 16 U.S.C. §§ 2601, et seq. (“PURPA”), and (iv) participating in hourly, daily,  
7 and weekly power markets to support reliable and cost-effective optimization of  
8 DESC’s generation fleet in conjunction with opportunities for short-term  
9 wholesale power transactions. Additionally, although I am not an attorney, my  
10 responsibilities in the Power Marketing Department require a high degree of  
11 familiarity with the Federal Energy Regulatory Commission’s (“FERC”) regulations,  
12 including PURPA; DESC’s Open Access Transmission Tariff (“OATT”); the Open Access  
13 Transmission Tariffs of other transmission providers; and other regulatory requirements  
14 pertinent to DESC’s business operations.

15 **Q. PLEASE FURTHER EXPLAIN YOUR CURRENT ROLE AT DESC**  
16 **SPECIFICALLY AS IT RELATES TO YOUR TESTIMONY.**

17 A. I negotiate long-term wholesale power purchases when DESC has a particular need,  
18 which is accomplished by soliciting the competitive market for a particular product  
19 to match that need. I also negotiate long-term power purchases from Qualifying  
20 Facilities (as defined under PURPA) (“QF”). PURPA obligates DESC to purchase  
21 power from QFs, and DESC is required to purchase this power without regard for  
22 need, location, or the type of generation.

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC SERVICE**  
2 **COMMISSION OF SOUTH CAROLINA (THE “COMMISSION”)?**

3 A. Yes, I have testified before in a prior proceeding.

4 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

5 A. The purpose of my testimony is to sponsor DESC’s Voluntary Renewable  
6 Energy (“VRE”) Rider for Renewable Generation (“RG”) Supply Agreements  
7 (“RG-Supply Agreement”) into evidence and provide an overview of it.

8 **Q. PLEASE DESCRIBE THE VRE RIDER.**

9 A. The VRE Rider, as updated, is attached to my testimony as Exhibit \_\_ (JEF-  
10 1). It was prepared in conformity with the requirements of S.C. Code Ann. § 58-  
11 41-30. Pursuant to S.C. Code Ann. § 58-41-30, the VRE Rider sets forth DESC’s  
12 proposed voluntary renewable energy program.

13 **Q. WHO CAN QUALIFY FOR THE VRE RIDER?**

14 A. Any non-residential DESC customer (“Customer”) with a new or existing  
15 contract demand greater than or equal to one megawatt (MW) at a single metered  
16 location or aggregated across multiple meter locations under direct ownership of a  
17 single Customer may qualify for the VRE Rider.

18 **Q. IS THERE A LIMIT TO THE AGGREGATE LOAD THAT CUSTOMERS**  
19 **MAY ELECT TO BE SERVED UNDER THE VRE RIDER?**

20 A. Yes. The VRE Rider is available on a first come, first serve basis until the  
21 total capacity committed under the RG-Supply Agreements entered into under the  
22 VRE Rider equals 135 MW.

**Q. HOW DOES A CUSTOMER QUALIFY FOR THE VRE RIDER?**

A. To qualify for the VRE Rider, each Customer locates its own renewable energy supplier (“Supplier”) and enters into a form RG-Supply Agreement. A separate RG-Supply Agreement is required for each Customer and each renewable energy facility, as defined by S.C. Code Ann. § 58-41-10(12) (“Facility”). The Customer negotiates the prices and contract term of the RG-Supply Agreement with the Supplier, including supply costs to be paid to the Supplier.

Additionally, the Company enters into a new PPA with the Supplier.

**Q. WHAT ARE THE REQUIREMENTS OF THE PPA?**

A. The PPA must have terms consistent with the form contract power purchase agreement filed in Public Service Commission of South Carolina Docket No. 2019-184-E. The PPA specifies the total charges to be paid for the delivery of energy and capacity supplied under the PPA.

**Q. CAN MULTIPLE CUSTOMERS HAVE RENEWABLE ENERGY AND CAPACITY PROVIDED FROM A SINGLE FACILITY UNDER A SINGLE PPA?**

A. Yes, but each Customer must negotiate separate RG-Supply Agreements specifying the percentage of the Facility’s output for each Customer.

**Q. PLEASE EXPLAIN HOW THE VRE RIDER MEETS THE REQUIREMENT OF S.C. CODE ANN. § 58-41-30 THAT “THE PARTICIPATING CUSTOMER SHALL HAVE THE RIGHT TO SELECT THE RENEWABLE ENERGY FACILITY AND NEGOTIATE WITH THE RENEWABLE**

1 ENERGY SUPPLIER ON THE PRICE TO BE PAID BY THE  
2 PARTICIPATING CUSTOMER FOR THE ENERGY, CAPACITY, AND  
3 ENVIRONMENTAL ATTRIBUTES OF THE RENEWABLE ENERGY  
4 FACILITY AND THE TERM OF SUCH AGREEMENT SO LONG AS SUCH  
5 TERMS ARE CONSISTENT WITH THE VOLUNTARY RENEWABLE  
6 PROGRAM SERVICE AGREEMENT AS APPROVED BY THE  
7 COMMISSION.”<sup>1</sup>

8 A. As explained above, the Customer selects the Supplier and enters into the  
9 RG-Supply Agreement in conformance with this Section.

10 **Q. DOES THE VRE RIDER PROVIDE THAT “THE RENEWABLE ENERGY**  
11 **CONTRACT AND THE PARTICIPATING CUSTOMER AGREEMENT**  
12 **MUST BE OF EQUAL DURATION?”**<sup>2</sup>

13 A. Yes. Per the VRE Rider, the RG-Supply Agreement and PPA shall be of  
14 equal duration provided that the term of neither agreement exceed the lesser of (a)  
15 ten years, or (b) the remaining term of the Customer’s electric service contract(s)  
16 associated with service under the VRE Rider, whichever expires first (not  
17 considering automatic renewable terms).

18 **Q. DOES THE VRE RIDER INCLUDE THAT “IN ADDITION TO PAYING A**  
19 **RETAIL BILL CALCULATED PURSUANT TO THE RATES AND**

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<sup>1</sup> S.C. Code Ann. § 58-41-30(A)(1)

<sup>2</sup> S.C. Code Ann. § 58-41-30(A)(2)

**TARIFFS THAT OTHERWISE WOULD APPLY TO THE PARTICIPATING CUSTOMER, REDUCED BY THE AMOUNT OF THE GENERATION CREDIT, A PARTICIPATING CUSTOMER SHALL REIMBURSE THE ELECTRICAL UTILITY ON A MONTHLY BASIS FOR THE AMOUNT PAID BY THE ELECTRICAL UTILITY TO THE RENEWABLE ENERGY SUPPLIER PURSUANT TO THE PARTICIPATING CUSTOMER AGREEMENT AND RENEWABLE ENERGY CONTRACT, PLUS AN ADMINISTRATIVE FEE APPROVED BY THE COMMISSION”<sup>3</sup>**

- A. Yes. The VRE Rider provides that the Company shall bill the Customer for electric service as specified in its rates and tariffs and subject to its General Terms and Conditions of service that would otherwise apply to service to the Customer (Base Bill). Additionally, the VRE Rider provides that the Customer shall pay to the Company a Product Charge, which is the sum of the Customer’s pro rata portion of the Net Energy Rate payable under the PPA and the RG costs. The Company will pay the Supplier the Net Energy Rate payable under the PPA and provide the Customer with a credit on its bill for the Customer’s pro rata portion of that amount for the month. The Company will assign to the Supplier all of the Company’s rights, title and interest in the amounts actually paid by the Customer for RG Costs. Lastly, the Customer will pay a monthly administration fee of \$375 per month for each RG-

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<sup>3</sup> S.C. Code Ann. § 58-41-30(A)(3)

1 Supply Agreement plus an additional \$50 per additional meter or account subject to  
2 the RG-Supply Agreement.

3 **Q. WITH THE VRE RIDER, ARE ELIGIBLE CUSTOMERS “ALLOWED TO**  
4 **BUNDLE THEIR DEMAND UNDER A SINGLE PARTICIPATING**  
5 **CUSTOMER AGREEMENT AND RENEWABLE ENERGY CONTRACT**  
6 **AND...[BE] ELIGIBLE ANNUALLY TO PROCURE AN AMOUNT OF**  
7 **CAPACITY AS APPROVED BY THE COMMISSION”?<sup>4</sup>**

8 A. Yes, but the capacity provided under the RG-Supply Agreement may not  
9 exceed 125% of the Customer’s contracted demand under the Customer’s electric  
10 service contracts associated with service to be provided under that RG-Supply  
11 Agreement.

12 **Q. HOW DOES THE RIDER ENSURE THAT NONPARTICIPATING**  
13 **CUSTOMERS ARE NOT CHARGED FOR ANY COSTS INCURRED**  
14 **PURSUANT TO THE PROVISIONS OF THIS SECTION.?<sup>5</sup>**

15 A. The customer’s payment of the RG Cost is assigned to the Supplier as the  
16 Supplier’s sole source of payment under the RG-Supply Agreement. Therefore, if  
17 the Customer does not pay its bill, there is no payment to the Supplier for the RG  
18 Cost that would otherwise be due. If the Customer defaults, the Company pays only

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<sup>4</sup> S.C. Code Ann. § 58-41-30(A)(4)

<sup>5</sup> S.C. Code Ann. § 58-41-30(D)

1 the PPA avoided cost, which is the value of the generation and capacity applicable  
2 to the PPA and provided to the system.

3 **Q. HOW DOES DESC'S PRICING SCHEME COMPARE TO THAT OF**  
4 **OTHER UTILITIES?**

5 A. DESC has worked with interveners in this matter, and the pricing scheme  
6 reasonably conforms to that of other regional utilities, specifically, Duke Energy  
7 Progress and Duke Energy Carolinas.

8 **Q. PLEASE SUMMARIZE YOUR CONCLUSIONS CONCERNING DESC'S**  
9 **VRE RIDER.**

10 A. DESC's VRE Rider meets all the requirements of the S.C. Code Ann. § 58-  
11 31-40. DESC respectfully requests that the Commission approve the VRE Rider as  
12 set forth in Exhibit \_\_\_\_ (JEF-1).

13 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

14 A. Yes.